

1776 Offers Startups Resources and Connections in the Heart of D.C.

By Brooke Nelson, Writer/Editor

In September, Advocacy's ten regional advocates toured 1776, a Washington, D.C.-based organization that seeks to nurture local startup businesses by connecting them with a variety of resources. The 1776 campus, which counts 240 startup businesses as members, is situated on two floors of a downtown office building. When Advocacy's team visited, it was bustling with activity as dozens of startup employees utilized its open-concept coworking space.

Opened in January 2013, 1776 caters to innovative entrepreneurs who are working at all hours of the day and night to launch their fledgling businesses (the space is open 24 hours a day, 7 days a week). Chief Financial Officer Steve

Graubart described 1776 as a space to support young companies taking on "grand challenges."

When asked what distinguishes 1776 from other accelerators and incubators, Graubart said that it is the variety of specialized services and programs they offer that makes it unique. Not only is it a coworking space, but members have access to classes, the expertise of the corporate partners, a mentorship network and networking opportunities with other startup companies. Members benefit by being in close proximity to employees of other startups as they share knowledge and expertise in the wide-open office space.

In addition to operating its retro-industrial style coworking facility,

in which members rent work space, 1776 pairs its members with mentors from its many corporate partners. In this collaborative environment, members can attend daily networking events and classes. One of the main services

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Steve Graubart, chief financial officer of 1776, gives Advocacy staff a tour of their coworking space in Washington, D.C. Pictured from left: Chief Counsel for Advocacy Winslow Sargeant, Region I Advocate Lynn Bromley, Steve Graubart, Region II Advocate Teri Coaxum, Region III Advocate Ngozi Bell, Region X Advocate Jennifer Clark, and Region VI Advocate Caitlin Cain.

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Regulatory News

Small Movie Theater Owners Discuss Proposed DOJ Accessibility Rules

By Brooke Nelson, Writer/Editor

The Office of Advocacy hosted a regulatory roundtable on September 15, 2014, to gather feedback from small movie theater owners on proposed rules that would require them to provide special accessibility equipment for guests with visual and hearing disabilities.

The Department of Justice (DOJ) released proposed rules on August 1, 2014, which would amend the Americans with Disabilities Act to require movie theaters to exhibit all of showings with closed captioning and audio description if the films are produced with this capability. This would require movie theaters to have a certain number of assistive devices available, such as individual captioning devices for hearing-disabled patrons and audio description devices for visually disabled patrons.

DOJ staff members, including Rebecca Bond, chief of the disability rights section, were on hand at the roundtable to give an overview of the proposed rules. Eve Hill, deputy assistant attorney general of the civil rights division at DOJ, explained the three main requirements of the rule: theaters must provide assistive devices for theatergoers, inform the public that they offer the services and have employees on staff who can operate and assist with the equipment.

Hill said that new technology has allowed for better standards for captioning, and while some theaters have already implemented the technology voluntarily, it should be consistently available at all theaters across the country. Under the proposed rules, a theater would be required to have captioning devices based on two percent of seats, and at least one audio description device per screen (and if a theater only has one screen, it would need



Juliet Goodfriend, left, president and CEO of the Bryn Mawr Film Institute and board member of Art House Convergence gives a presentation on DOJ's proposed rules. Also attending the roundtable were John Fithian, president and CEO of the National Association of Theater Owners, and Esther Baruh, manager of government relations at the National Association of Theater Owners.

two audio devices).

Hill explained that under the rules, theaters with digital screens would have six months to comply after the final rule publication. DOJ is seeking public comment on the compliance date for theaters with analog screens. It is contemplating whether it should adopt a four-year compliance date or defer rulemaking until a later date. DOJ estimates that this rule will cost anywhere from \$3,000 to \$265,000 per small business to implement.

After Hill summarized the proposal, some two dozen small theater owners from around the country had the floor to express their concerns. The overarching consensus among these small business owners was that having to

purchase the required amount of devices presented a steep financial burden for them.

John Fithian, president and CEO of the National Association of Theater Owners (NATO), spoke on behalf on his membership, 75 percent of which are theaters that operate 10 or fewer screens. He said his main concern was that the number of devices required grossly exceeds the need. He said that the actual usage rates of assistive technology are much less, according to the experience of NATO's members, and that a "one-size-fits-all" approach is not feasible because seat count does not equal audience size.

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Message from the Chief Counsel

Leveling the Playing Field in STEM

By Dr. Winslow Sargeant, Chief Counsel for Advocacy

As colleges and universities begin another fall semester, students are buying their books and preparing for their coursework while also planning their careers for years to come. The common question college counselors hear from students: If I graduate in this field, will it guarantee me a job right out of college?

Today, many people would argue that STEM fields (science, technology, engineering and mathematics) are the go-to sector for job potential and career longevity. In fact, earlier this year, I sat on a panel for an event with the National Academy of Sciences. Our focus was widening the STEM pipeline—encouraging students to study the STEM fields. By encouraging these fields of study, we are striving to keep our nation on the path forward, ensuring that our next workforce will be trained with the skills necessary for the careers of tomorrow. However, it is going to take more than encouragement because we are already recognizing some stumbling blocks.

For example, we can already see gaps in representation in these particular fields. For example, women did not even represent 30 percent of all STEM occupations in 2011. This is a startling statistic when we are touting STEM fields as providing lucrative future careers for our college students. Beyond being highly profitable professions, STEM fields are also an avenue that we should be promoting for entrepreneurship, but a similar story is being told with entrepreneurship.

In October, the Office of Advocacy released a study entitled *Understanding the Gender Gap in STEM Fields Entrepreneurship*.

While this study addresses gender differences in the STEM fields of study, it also delves into the gaps in entrepreneurship. The study shows that across all STEM fields, female PhDs have lower rates of patenting and entrepreneurship than do male PhDs (15% versus 28% and 5.4% versus 7%, respec-

“Our nation stands above all others because we strive to be a place where you can live out your dream. However, to keep these dreams alive, we must create an environment for opportunity that empowers women.”

tively). However, on a more positive note, female STEM PhDs are just as likely as male STEM PhDs to be entrepreneurs when their first postdoctoral job is in or funded by industry.

Another highlight of the report notes that women who attended universities with industry-funded research and development are more likely to entertain an entrepreneurial venture. In addition, graduate and postdoctoral training and mentorship environments may influence female involvement in STEM entrepreneurship.

Similar to the National Academy of Sciences panel discussing ways to encourage students to study STEM, we should also provide policymakers with potential avenues to encourage STEM entrepreneurship. For example, we should find ways to get more women involved in particular STEM fields with little representa-

tion and high entrepreneurial rates. Because women are more likely to begin an entrepreneurial venture after exposure to industry funding or postdoctoral positions, we may want to look at why industry influences more entrepreneurship and implications for partnerships with STEM programs. If we know STEM entrepreneurship will keep our country ahead of the curve, we need to make sure that we have a level playing field for women in STEM fields.

Our nation stands above all others because we strive to be a place where you can live out your dream. However, to keep these dreams alive, we must create an environment for opportunity that empowers women. And to remain competitive, our women as much as our men should be studying the fields that will keep our nation ahead of the game.

The full study, *Understanding the Gender Gap in STEM Fields Entrepreneurship*, can be accessed on Advocacy’s website at <http://go.usa.gov/vXSB>.

Advocacy Sends Regulatory Comment Letters to EPA, CPSC, FCC

Advocacy Responds to CPSC Rules on Infant Sling Carriers

On October 2, 2014, Advocacy sent a letter to the Consumer Product Safety Commission (CPSC) regarding its recent proposed rule on safety standards for infant sling carriers.

In July 2014, the CPSC published a proposed rule that would establish safety requirements, including a product testing regimen, for manufacturers of infant and toddler sling carriers. It would also require printed warnings and instructions.

The CPSC complied with the Regulatory Flexibility Act by concluding that the proposed rule would have a significant impact on a substantial number of small businesses, and the agency published an Initial Regulatory Flexibility Analysis (IRFA). Advocacy's letter to the CPSC states that while it is supportive of the public policy underlying the proposed rule – infant safety – it suggests ways that the CPSC could improve its economic analysis of the small entities that would be affected.

The letter states that Advocacy was approached by a number of small sling carrier manufacturers which noted that currently sling carriers are disproportionately manufactured by very small businesses. The small manufacturers believe that the rule could be dramatically improved, resulting in a more balanced approach that would raise child safety while not putting the majority of small sling manufacturers out of business. Further, they question whether small sling businesses have the resources to accomplish the testing regimen required by the proposed rule.

In the letter, Advocacy also

encouraged the CPSC to consider certain reasonable alternatives that will improve child safety while minimizing the economic impacts of the rule on the small sling manufacturers. Advocacy also recommends that the CPSC gather more information on small sling carrier manufacturers market share, production costs and revenues to get a clearer view of the impacts associated with the rule.

The comment letter can be found on Advocacy's website at <http://go.usa.gov/vfjQ>. For more information, contact Assistant Chief Counsel Linwood Rayford at (202) 205-6533 or Linwood.Rayford@sba.gov.

Letter Addresses Rule Redefining "Waters of the U.S."

On October 1, 2014, Advocacy filed public comments with the Army Corps of Engineers and the Environmental Protection Agency (EPA) in response to proposed rules that redefine the scope of waters protected under the Clean Water Act (CWA), and that would set forth several categories of waters to be included in the definition as well as establish waters that are subject to the act.

On April 21, 2014 the Corps and EPA issued the proposed rulemaking. Advocacy's comment letter states that the agencies improperly certified the rule and that the rule will have a significant economic impact on a substantial number of small businesses. The letter states that Advocacy believes EPA should have conducted a Small Business Advocacy Review Panel prior to releasing the rule for comment. Advocacy recommends in the letter that the agencies withdraw the proposed rule and conduct a panel

prior to re-proposing the rule.

Earlier in the year, Advocacy held two environmental roundtables to gather feedback on the proposed rule.

The comment letter can be found on Advocacy's website at <http://go.usa.gov/v5Nx>. For more information, contact Assistant Chief Counsel Kia Dennis at Kia.Dennis@sba.gov or (202) 205-6936.

Advocacy Comments to FCC on Net Neutrality Proposal

On September 25, 2014, Advocacy sent a letter to the Federal Communications Commission (FCC) regarding its proceeding to establish new regulations for protecting and promoting the open internet (net neutrality), as well as several other proceedings affecting small internet service providers and small business users of broadband. The letter encourages the FCC to reach out to small businesses on the subject and to utilize the Regulatory Flexibility Act as a tool for analyzing the small business impacts of its decision making.

In January 2014, the FCC opened a proceeding to determine the appropriate legal foundation and scope for new net neutrality regulations. During the public comment period, ending on September 10, 2014, the FCC received more than 3 million comments. The FCC is continuing to engage with the public through a series of roundtables and is expected to finalize new net neutrality regulations before the end of 2014.

In the letter, Advocacy provided the small business perspectives of stakeholders, including small

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Advocacy Releases Alerts on Labor, Farm Credit, NOAA Proposals

DOL Rules Would Require Contractors to Report on Employee Pay

On August 8, 2014, the Office of Federal Contract Compliance Programs (OFCCP) of the Department of Labor (DOL) released a proposed rule to require certain contractors to submit reports on employee compensation. The rule would require employers who file Employer Information Reports (EEO-1 Report), have more than 100 employees, and a contract, subcontract or purchase order amounting to \$50,000 or more, to submit a new equal pay report

which would include summary data on employee compensation by sex, race, ethnicity, specified job categories, and other relevant data points such as hours worked, and the number of employees. Comments are due by November 6, 2014. The proposed rule can be found at <http://go.usa.gov/d27m>.

OFCCP also released a related proposed rule on September 17, 2014, that would prohibit federal contractors from maintaining pay secrecy policies. The rule, which implements Executive Order 13655, would require most contractors and subcontractors to change the nondiscrimination provisions

in their contracts to state that they will not discharge or discriminate against their employees and job applicants for disclosing or inquiring about their pay. Contractors would also be required to disseminate this new provision to employees and job applicants. Comments are due by December 16, 2014. The proposed rule can be found at <http://go.usa.gov/vXtV>.

For more information on either of these rulemakings, contact Janis Reyes at Janis.Reyes@sba.gov or (202) 205-6533.

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1776, from page 1

1776 offers its members is the educational platform known as General Assembly, which features a curriculum of more than 200 classes in subjects such as coding, branding and social media. The startup entrepreneurs can take any of these classes as part of their membership.

The entrepreneurs—whom Graubart described as mostly “millennials”—benefit from the knowledge and advice of seasoned companies, while the corporate partners acquire access to the pool of talent that 1776 attracts.

1776 was launched with a grant from the District of Columbia government and is mainly supported by its corporate partners, which include Microsoft, MedStar Health and Comcast. Its membership consists mainly of startups in the fields of healthcare, education, energy and government.

The largest event that 1776 organizes is the annual Challenge Cup, which Graubart described as “Shark



Advocacy's regional advocates listen to a presentation by 1776 Chief Financial Officer Steve Graubart at their campus located in downtown Washington, D.C.

Tank meets the World Cup.” The competition takes place in 16 cities across 11 countries and identifies promising startups in four categories—education, energy, health and cities. At each competition, up to 40 startups present one-minute pitches and eight finalists are chosen to move on to a five-minute

pitch round. Four of these startups win a free trip to Washington, D.C. for the Global Finals at which more than \$650,000 in prizes are awarded.

More information about 1776 can be found on its website, <http://1776dc.com>.

Regulatory News

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internet service providers, and stressed the importance of maintaining small businesses' ability to utilize the internet to share and receive information with their customers. Advocacy also advised the FCC to exercise appropriate caution in tailoring its final rules to mitigate any anti-competitive pressure on small broadband providers given the FCC's obligation to ensure fair competition in the broadband marketplace.

The comment letter can be found on Advocacy's website at <http://go.usa.gov/v5Cz>. For more information, contact Jamie Belcore Saloom at Jamie.Belcore@sba.gov or (202) 205-6890.

Advocacy Raises Concerns about EPA Rules on Landfills

On September 11, 2014, the Office of Advocacy sent a letter to the Environmental Protection Agency (EPA) commenting on two rulemaking notices concerning air emissions from municipal solid waste (MSW) landfills.

Both proposed rulemakings

were published on July 17, 2014, and would revise the Clean Air Act to regulate emissions of landfill gases from MSW landfills. The notice of proposed rulemaking concerns revisions to the New Source Performance Standards (NSPS) for new MSW landfills. The advance notice of proposed rulemaking concerns emission guidelines for existing MSW landfills.

In the proposed rulemaking, EPA certified that the revisions to the NSPS would not have a significant economic effect on a substantial number of small entities and therefore it did not prepare an Initial Regulatory Flexibility Analysis.

However, Advocacy stated in the letter that the proposed NSPS has the potential to disrupt significantly the participation of small entities in this industry, and adoption of the proposed revisions in the emission guidelines could harm existing small entities. Advocacy recommended that EPA consider exemptions for small entities or that it offer small entities greater operational flexibilities in wellhead performance and LFG treatment.

Advocacy stated that it disagrees with EPA's certification of the proposed rule for the following

reasons: (1) EPA does not account for the additional costs imposed at the end of a landfill's useful life; (2) EPA may not have accounted for all small entities that would be affected; and (3) EPA's analysis does not demonstrate a factual basis for certification.

Specifically, Advocacy recommended that EPA adopt the recommendations suggested by small entities during an uncompleted SBREFA panel held in 2013, including: maintain existing numerical thresholds and timeframes for landfill gas (LFG) capture and control systems installation and operation; maintain existing monitoring requirements; remove wellhead operational standards; and allow LFG treatment to meet the specifications required by equipment in use or LFG purchasers rather than impose one-size-fits-all numerical standards. Advocacy also encouraged EPA to more aggressively identify and resolve permitting bottlenecks. The comment letter can be accessed at <http://go.usa.gov/d28J>. For more information, contact Assistant Chief Counsel David Rostker at David.Rostker@sba.gov or (202) 205-6966.

Movie Theaters, *from page 2*

In addition, Fithian said that the compliance period is way too short because it would take much longer for small theaters to research, purchase, install and test the equipment. He estimates it would take at least two years for theaters to implement the requirements.

Juliet Goodfriend, president and CEO of the Bryn Mawr Film Institute and a board member of the Art House Convergence, agreed that two years was a fair compliance period. She also said that a better way to determine the number

of required devices would be to use the average daily attendance, not seat count.

Other alternatives for small theaters were discussed, such as exempting theaters grossing less than \$500,000. Also discussed was the idea of having theaters provide the signal that sends data to the devices, but not the devices themselves, because patrons with disabilities could bring their own.

Most of the small theater owners who participated in the roundtable emphasized that the cost of implementing the rule's requirements would constitute a hefty chunk of

their limited budgets. In addition, many calculated that the true cost would be higher than DOJ's estimate, which would be especially burdensome on theaters that are still reeling from the costs of their recent upgrades to digital systems. Some expressed concerns that they would have to close their doors because they could not afford it.

DOJ has extended the comment period to December 1, 2014. For more information, contact Assistant Chief Counsel Janis Reyes at Janis.Reyes@sba.gov. To learn more about the proposed rules, visit <http://go.usa.gov/vXAJ>.

Staff News

New Staff Members Join the Office of Advocacy

Rosalyn Steward joins the Office of Advocacy as assistant chief counsel working on international regulatory issues.

Steward has spent the past two years working as assistant general counsel to the Council of the District of Columbia (D.C.). While there, her responsibilities included advising council members as well as the Committee on Health and the Committee on Business, Consumer and Regulatory Affairs. She is well acquainted with the Small Business Administration, where in the summer of 2008 she clerked in the SBA's Office of the General Counsel.

Steward received her law degree from American University's Washington College of Law, where she participated in its Comparative Law Program. She also spent a summer abroad studying international economics and human rights law in London, Paris, Geneva, and Brussels. She is a Bar Association member in both Maryland and D.C.

Steward received her under-



Assistant Chief Counsel Rosalyn Steward

graduate degree in international relations from The Ohio State University (OSU). While at OSU, she chaired the recruitment committee of the Ballroom Dance Association. Steward can be reached at (202) 205-7013 or Rosalyn.Steward@sba.gov.

Ryan J. Taylor joins Advocacy as a regulatory economist. Taylor is a recent graduate of George Washington University where he received his master's in public policy with a regulatory policy concentration. He received his bachelor of arts in English from Monmouth University in West Long Branch, N.J.

In his professional life, Taylor has combined analytical and communication skills in a variety of settings. He has been an advisor to a professional association, where he developed policy recommendations and implemented research projects, including data collection, survey design, and literature reviews. He has worked with a local nonprofit to create data systems for a charter school. Taylor also has worked in a nonprofit focused on middle school and high school writing. And as an undergraduate in English, he worked with undergraduate and graduate students on approaches to effective communication. Taylor can be reached at (202) 205-6878 or Ryan.Taylor@sba.gov.



Regulatory Economist Ryan Taylor

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Farm Credit Administration Proposes Capital Requirement Rules

On September 4, 2014, the Farm Credit Administration (FCA) published a proposed rulemaking that would revise the regulatory capital requirements for Farm Credit System (System) institutions. The proposed revisions would include tier 1 and tier 2 risk-based capital ratio requirements (replacing core surplus and total surplus requirements), a tier 1 leverage requirement (replacing a net collateral requirement for System banks), a capital conservation buffer, revised risk weightings and additional public disclosure requirements. The revisions to the risk weightings would include alternatives to the use of credit ratings, as required by the Dodd-Frank Wall Street Reform

and Consumer Protection Act.

The proposal is intended to help ensure that banks have enough capital to continue lending to creditworthy entities even if there are unforeseen losses or an economic downturn. Comments are due by January 2, 2015.

The proposed rule can be found at <http://go.usa.gov/d2NF>. For more information, contact Jennifer Smith at Jennifer.Smith@sba.gov or (202) 205-6943.

NOAA Proposes Aquaculture Plan for the Gulf of Mexico

On August 28, 2014, the National Oceanic and Atmospheric Administration (NOAA) National Marine Fisheries Service (NMFS) published a proposed rule concerning the Gulf of Mexico Fishery Management Council's Aquaculture Plan. The rule establishes a regula-

tory program for offshore aquaculture in the federal waters of the Gulf of Mexico, which includes permit and application requirements. It also specifies allowable species for aquaculture purposes, establishes marine aquaculture siting requirements, creates restricted access zones for aquaculture facilities, establishes recordkeeping and reporting requirements, establishes biological reference points and catch limit criteria, and requires all administrative functions to be performed online. Comments are due by October 27, 2014.

The proposed rule can be found at <http://go.usa.gov/d2wV>. For more information, contact Stephanie Fekete at Stephanie.Fekete@sba.gov or (202) 205-7144.

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